

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 L-03 H-01 NSC-05
SS-15 STR-04 CEA-01 PA-01 PRS-01 DHA-05 AGRE-00
SSM-03 IO-13 /105 W
-----008267 010717Z /17

R 311410Z AUG 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 8915
INFO AMCONSUL ALEXANDRIA

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EO 11652: NA
TAGS: ECON, EGEN, EFIN
SUBJ: GOE CAMPAIGN AGAINST PROFITEERS INTENSIFIES

REF CAIRO 14376,

1. AS NOTED REFTTEL, PRES SADAT JOINED BATTLE AGAINST PROFIT-
EERS IN FOOD/SUPPLY COMMODITIES ON AUG 30 BY WARNING THAT
ALL PRICE OFFENDERS WOULD BE MERCIELESSLY DEALT WITH AND
THAT HE HAD INSTRUCTED DEPMIN INTERIOR TO HAVE SECURITY
FORCES OPEN FIRE ON ANY WOULD BE ASSAILANTS ATTEMPTING TO DES-
TROY PUBLIC OR PRIVATE PROPERTY. SADAT'S STATEMENT IS GOOD
EXAMPLE OF HIGH PITCH WHICH WAR ON PRICES HAS REACHED.
WHOLESALE AND RETAILERS (MOSTLY IN PRIVATE SECTOR) APPEAR
FINALLY BE GETTING MESSAGE THAT GOE IS SERIOUS ABOUT A)
ENFORCING PRICE GUIDELINES ON ALL KINDS OF FOOD COMMODITIES
AND B) PLUGGING LEAKS IN GOVT'S REGULAR SUPPLY CHAIN.

2. INTENSIFYING CAMPAIGN FURTHER, PRESS REPORTS MORNING AUG
31 THAT PRESIDENT HAS DELEGATED FULL MILITARY GOV POWERS TO
PRIMIN TO EXPEDITE ENFORCEMENT OF LAWS AGAINST PROFITEERING.
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SALEM PROMPTLY MET WITH MIN OF JUSTICE TO ARRANGE SPEEDING OF
TRIALS OF THOSE ARRESTED FOR PRICE OFFENSES. PRIMIN SCHEDULED
MEET WITH FRUIT AND VEGETABLE MERCHANTS AUG 31 (THEY ARE
BEING SINGLED OUT AS PRIMARY OFFENDERS) TO ASSURE THAT PRICES
ARE KEPT REASONABLE AND FLOW OF GOODS TO MARKET NOT IN-
TERRUPTED.

3. PRESS CARRYING REPORTS OF INDIVIDUAL ARRESTS AND DESCRIPTION OF PRICE DEVIATIONS, MOSTLY IN THE PRIVATE-SECTOR CONTROLLED FRESH PRODUCE MARKET. IN CAIRO, TWO MERCHANTS WERE ARRESTED FOR SELLING SIX TONS OF TOMATOTES AT 5 PIASTERS MORE THAN THE OFFICIAL PRICE PER KILO INSTEAD OF SELLING TOMATOES TO A MINSUPPLY WHOESLAE CENTER AT OFFICIAL PRICE. IN ALEXANDRIA, POLICE ARRESTED MELOR DEALER FOR SECOND TIME IN FIVE DAYS FOR CHANNELLING 2,000 MELONS INTO BLACK (READ PRIVATE SECTOR) MARKET. NEWS ACCOUNTS AUG 30 STATE INVESTIGATIONS RESULTED IN NEARLY 200 ARRESTS THROUGHOUT COUNTRY (PRESUMABLY PREVIOUS DAY). SOME 150 WHOESALERS IN CAIRO ADDITIONALLY WERE ARRESTED EN MASSE.

4. COMMENT: CONTINUING EMPHASIS BEING PLACED ON GOE EFFORTS CONTROL PRICES BEING READ HERE AS INDICATION INITIAL CRACK-DOWN NOT COMPLETELY SUCCESSFUL. IT IS PERHAPS SIGNIFICANT THAT SO-CALLED PRIVATE SECTOR IS TAKING BRUNT OF GOE CRITICISM AND IS PROVING MOST RECALCITRANT IN FACE OF OBVIOUSLY STRONG EFFORT AT CONTROL. EQUALLY IMPORTANT, HOWEVER, IN OVERALL PRICE PICTURE IS EFFECT OF LEAKAGE OF GOODS, IMPORTED BY MIN SUPPLY FOR SALE AT GOVT OUTLETS, INTO PRIVATE SECTOR SHOPS WHERE MARK UPS ARE CONSIDERABLE. THIS DUE AS MUCH TO FACT THAT MANY POORER EGYPTIANS SELL THEIR LEGITIMATELY PURCHASED RATION TO THOSE SHOPS AS IT IS TO CORRUPT PRACTICES OF OUTLET MANAGERS. DISTRIBUTION SYSTEM IN EGYPT IS SO COMPLICATED ONE CAN ONLY WISH GOE LUCK IN TRYING TO UNRAVEL LIMITED OFFICIAL USE

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PROBLEM. POSSIBLE OUTCOME WILL BE ATTEMPT AT FURTHER GOVT CONTROL OF DISTRIBUTION SYSTEM, ESPECIALLY IN AGRICULTURAL PRODUCTS. IN THIS CONNECTION, MINSUPPLY HAS ALREADY ORDERED STUDY OF LONG NEGLECTED LICENSING LAW FOR WHOLESALE WAREHOUSES.

5. UNDERSCORING UNIQUE EFFORT EXPENDED BY GOE, PRESS ALSO REPORTS THAT MINTRADE AND SUPPLY TEWFIQ HAS BEEN CONFINED TO HIS BED WITH EXHAUSTION DUE TO OVERWORK.
EILTS

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Copy: SINGLE
Sent Date: 31-Aug-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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